

1951, one of the principal changes being to increase the size of down payments required on loans financed under the Act. In January 1951, reduction was made in the period of credit allowed on loans under the Farm Improvements Loans Act. Of more general application as an anti-inflationary measure was the undertaking by the Chartered Banks, in February 1951, to implement proposals of the Bank of Canada designed to prevent further increase in the over-all volume of bank credit. This served to counteract demand pressures at what was probably their focal point by curtailing credit for non-essential purposes and by restricting the volume of funds available for capital expansion and for the building of inventories.

The implementation of anti-inflationary measures in Canada, and like-intended programs in other countries, appeared roughly to coincide with the underlying change in the market atmosphere. Both these sets of influences contributed to the subsequent easing of demand pressures which, as previously indicated, were absent from the economy since the latter part of 1951.

With the achievement of more stable conditions in the economy these supplementary anti-inflationary measures were gradually rescinded. Following the softening in the consumer market and the sharp decline in durable goods' sales in the latter part of 1951, consumer credit regulations were relaxed in January 1952 and were suspended in their entirety in the April Budget. In May 1952, the special policies of bank credit restraint, which had been in effect since February 1951, were suspended except for the requirement of a margin of at least 50 p.c. for bank loans to carry corporate stock. In October 1951, a measure of liberalization in credit provision under the Housing Act was implemented and further measures were made effective in December 1951 and in October 1952. The deferred depreciation measure ceased to be applicable on capital goods acquired after Dec. 31, 1952.

Industry Conditions.—During 1951 and 1952, conditions in Canadian industries reflected the changing pattern of demands which has been described. The general upswing in demand commencing in the last half of 1950 and extending into 1951 was felt in virtually all segments of Canadian industry. During this period production levels in all major industry groups increased.

In the ensuing two year period, requirements for defence, for export and for capital investment kept rising and output in industries primarily dependent on these markets continued to increase. Generally speaking, this included defence industries such as aircraft and shipbuilding, metal mining and processing, wood products, other raw material industries, construction, heavy manufacturing industries and dependent service industries, although even in these groups, periods of softness were experienced in certain segments, as for example, in wood-pulp plants during 1952.

On the other hand, the falling off in the demand for various types of consumer goods commenced in the second quarter of 1951 and brought a pronounced decline in activity in related industries. This decline was accentuated as a result of the extensive accumulation of inventories which had previously taken place in anticipation of future shortages. Thus, by the third and fourth quarters of 1951, output of a number of the major consumer durable items had fallen to less than one-half their early year levels. The clothing and textile industries also underwent a sharp decline in activity. In the case of this industry group, the market recession was world-wide in character. Thus, in addition to a falling off in market demand, Canadian producers were also faced with increased competition from abroad. By